



ASX RELEASE

24 December 2019

ASX RELEASE: USA ACQUISITION

Today, Corporate Travel Management Limited (**CTM**) (ASX code: CTD) announced it has entered into an agreement to acquire Texas based Corporate Travel Planners Inc (**CTP**), a company specialising in corporate travel services, with a focus on the University and Education sector. Subject to customary conditions precedent, the acquisition will become effective from 1 January 2020.

Highlights CTP:

- **CTP** is a significant provider of travel services to both the university and corporate sectors in the USA, based in San Antonio, Texas
 - Initial consideration is USD18.0m (AUD26.5m¹), representing approximately 6x pro-forma FY20 NPBT with consideration consisting of approximately 10% CTD stock (to be issued in accordance with the agreement) and 90% cash.
 - A further maximum contingent consideration of USD18.0m (AUD26.5m¹) capped, subject to achievement of future profit hurdles.
 - The acquisition will take effect from 1 January 2020 and its six month pre-tax contribution to the FY20 results is expected to be approximately USD1.5m (AUD2.2m¹).

Strategic Rationale for CTP:

CTM considers CTP to be a key strategic acquisition because it delivers the following key benefits to CTM's North American segment:

- **Increasing USA scale:** The CTP acquisition is expected to increase CTM's North American segment annualised TTV to over USD1.5bn (AUD2.2bn¹), further consolidating CTM as a top ten travel management company in North America, enabling CTM to better position long term organic growth, and leverage its buying power and investment in technology.
- **Specialised niche in University and Education sector:** CTP has a strong market reputation and major focus on the University and Education sector, with unique offerings

¹ FX AUD1.00=USD0.68

to its clients that deliver competitive advantages and expertise in this significant segment.

- **Another growth sector for CTM North America:** CTM believes this sector is highly complementary to its value proposition, and together, CTM and CTP can better leverage the organic growth opportunities in the sector. CTM AU/NZ has been very successful in this sector and CTM sees this acquisition as a way to expand market share into the University and Education sector in North America.
- **Low exposure to economic downturns.** Similar to our experience in the government sector, the University sector travel activity tends to be resilient in economic downturns.
- **EPS accretive:** The CTP acquisition price represents a 6x NPBT multiple on forecast annualised FY20 NPBT.
- **Alignment:** The principal, Christy Prescott, will own CTD stock and has entered into an employment contract bringing to CTM her knowledge, reputation and expertise in the University and Education sector.

CTM's Managing Director Jamie Pherous commented on the acquisition, "CTP will be highly complementary to our organic expansion strategy and we believe that combined, we will forge a strong service proposition to the University and Education sector that will contribute strongly to the company's future growth in North America."

Funding:

The cash component of the CTP acquisition will be funded by short term debt and cash flow.

Authorised for release by the Board

Contact details

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